



STATE OF MAINE

MAINE STATE BOARD OF EDUCATION

Department of Education
AUGUSTA, MAINE 04333

The State Board of Education held a regular monthly meeting on December 18, 2002, at the Falmouth Memorial Library, Falmouth with the following members present: Chair Jean Gulliver, Vice Chair Philip Dionne, Joyce McPhetres, Wes Bonney, Ken Allen, Jack Norris, and Ellie Multer. Excused: Janet Tockman

Also present were: J. Duke Albanese, Commissioner; Judith Lucarelli, Deputy Commissioner; Yellow Breen, Director Special Projects; Scott Brown, AIA, School Construction; Suzan Cameron, MIS Team; Joanne Allen, MIS Team; and Rhonda Casey, Clerk.

CALLED TO ORDER:

The meeting was called to order at 1:00 p.m.

APPROVAL OF THE MINUTES:

The minutes for October 7, 2002, were unanimously approved. The November 13, 2002, minutes were unanimously approved with the following amendments: add the words “in the world” to the first sentence after the word school.

REGULAR BUSINESS:

APPROVAL OF MAINE LEARNING TECHNOLOGY PLAN BUDGET

Statement of Fact: The Maine Learning Technology Endowment (MLTE) statute states that the Commissioner of Education, prior to December 15th each year, after consultation with the MLTE Advisory Board, the Commissioner of Administrative and Financial Services and after receiving the approval of the State Board, shall recommend to the Governor and the Department of Administrative and Financial Services Bureau of Budget, the funding level for implementing the annual learning technology, 20-A MRSA § 19105. The Annual Learning Technology Plan guides the usage of Endowment funds.

Recommendation: It is recommended that the State Board of Education approve the funding level of the Learning Technology Plan.

MOVED by Wes Bonney, seconded Jim Rier, and voted eight in favor with one member absent to approve the \$12,177,617 budget for the Maine Learning Technology Endowment (MLTE). (See attachment)

**MAJOR CAPITAL IMPROVEMENT PROGRAM SCHOOL CONSTRUCTION
PROJECT; SAD #74, NORTH ANSON ELEMENTARY SCHOOL CONCEPT
APPROVAL CONSIDERATION**

Statement of Fact: Below is a brief description of the SAD #74 construction project located in North Anson. The school administrative unit requests that it be considered for Concept Approval. The Concept Approval requires a waiver of the two-month waiting period between Site Approval and Concept Approval as established in Chapter 61 “Rules for School Construction”.

There are presently four buildings on the North Anson school site. Three buildings are very old wood frame structures that will be demolished. The fourth structure is a one-story masonry structure that will be incorporated into the new building.

Project Information:

Project: North Anson Elementary School, Grade 6-7-8 Consolidation, and a District Office.

Superintendent: Regina Campbell, Ed.D.

Principal: Paul Cote

Superintendent Regina Campbell has provided the following project description statement:

“The Mark Emery School Construction project is a 300 student building housing North Anson K-5 students and district 6-8 students. The new school will be located on the existing school site in the center of the North Anson community. This school project would allow MSAD #74 to consolidate our middle level students into one building and offer a program that is more suitable to all of our students' academic needs, specifically in terms of meeting the requirements of Maine's Learning Results. We currently educate our students in grades 6-8 in five separate K-8 facilities in four different towns. This project will also eliminate the need for two portable units (a total of three classrooms) at two of our elementary schools by removing grades 6-8 from town elementary schools, we will have room to start a preschool program (KVCAP).

In summary, this project will lead the way for consolidation in MSAD #74. By housing all of our current 6-8 programs in one centralized location we will have programming options that are not currently possible. Due to the way our district schools are now organized, there are limitations in what we can offer students in terms of programs and scheduling. This project will take care of that for now and in the future.”

Project Budget Information:

Estimated Project Cost: \$7,965,807
Local Share (No State Participation): \$0
Approved for Inclusion In Debt Service: \$7,965,807

Recommendation: It is recommended by the Department of Education and supported by the State Board's Construction Committee that the State Board approves a two-month time period waiver, grant Concept Approval to SAD #74 for the North Anson Elementary School construction project, and approve the budget.

MOVED by Ellie Multer, seconded by Jim Rier, and voted eight in favor with one member absent to approve a two-month time period waiver, grant Concept Approval to SAD #74 for the North Anson Elementary School construction project, and approve the budget.

REQUEST TO REDUCE THE PERIOD OF INTERIM LOCAL FINANCING FOR THE MSAD #51 – CUMBERLAND/NORTH YARMOUTH MIDDLE SCHOOL MAJOR CAPITAL IMPROVEMENT PROJECT

Statement of Fact: In response to recent construction bids, lower than expected interest rates, and a review of the progress of projects on the Major Capital Improvement Priority List, the Department of Education has compressed and revised the debt-bonding schedule established by the State Board of Education and the Department of Education. Based upon this review the permanent bond date for the MSAD #51 Cumberland/North Yarmouth Middle School project may be moved from Spring 2004 to Fall 2003 reducing the period of interest-only interim local financing from 12 months to six (6) months.

The MSAD #51 School Department has requested a further reduction of six (6) months consistent with their construction schedule and has indicated willingness to absorb any deficit resulting from the issuance of Bond Anticipation Notes (BANs).

Recommendation: It is recommended that the State Board approve the reduction of interim local financing by twelve months thereby reducing the period of interest-only interim local financing from 18 months to six (6) months for the middle school project. MSAD #51 will be solely responsible for any net excess interest cost related to BAN borrowing. The new permanent bond date for the project will be Spring 2004.

MOVED by Jim Rier, seconded by Ellie Multer, and voted eight in favor with one member absent to approve the reduction of interest-only interim local financing by twelve months thereby reducing the period of interim local only financing from 18 months to six (6) months for the middle school project. MSAD #51 will be solely responsible for any net excess interest cost related to BAN borrowing. The new permanent bond date for the project will be Spring 2004.

REQUEST TO REDUCE THE PERIOD OF INTERIM LOCAL FINANCING FOR THE LISBON ELEMENTARY SCHOOL MAJOR CAPITAL IMPROVEMENT PROJECT

Statement of Fact: In response to recent construction bids, lower than expected interest rates, and a review of the progress of projects on the Major Capital Improvement Priority List, the Department of Education has compressed and revised the debt-bonding schedule established by the State Board of Education and the Department of Education. Based upon this review the permanent bond date for the Lisbon Elementary School project may be moved from Spring 2004 to Fall 2003 reducing the period of interest-only interim local financing from 12 months to six (6) months.

The Lisbon School Department has requested a further reduction of 6 months consistent with their construction schedule and has indicated willingness to absorb any deficit resulting from the issuance of Bond Anticipation Notes (BANs).

Recommendation: It is recommended that the State Board approve the reduction of interest-only interim local financing by twelve months thereby eliminating any interest-only interim local financing for the Lisbon Elementary School project. The Lisbon School Department will be solely responsible for any net excess interest cost related to bond anticipation note (BAN) borrowing. The new permanent bond date for the project will be Fall 2003.

MOVED by Jim Rier, seconded by Jack Norris, and voted eight in favor with one member absent to approve the reduction of Interim Local Financing by twelve months thereby eliminating any interest-only interim local financing for the Lisbon Elementary School project. The Lisbon School Department will be solely responsible for any net excess interest cost related to BAN borrowing. The new permanent bond date for the project will be Fall 2003.

NEW BUSINESS:

COMMISSIONER'S RECOMMENDED FUNDING LEVEL FOR FY 2004

Pursuant to the provisions of 20-A M.R.S.A., Section 15605, the Commissioner, with the approval of the State Board of Education, shall certify to the Governor and the Bureau of the Budget recommended funding levels for the subsidy programs listed in the Commissioner's Recommended Funding Level Fiscal Year 2003-04, December 18, 2002 report. The funding levels recommended herein were developed in accordance with the current statute.

Recommendation: I recommend that the State Board of Education approve the following motion:

To approve the certified funding level for FY 2004 based on current statute, for the total allocation (including adjustments, miscellaneous costs, and a cushion) at \$1,502,437,774 with a local share amount of \$759,157,749, and a state share amount of \$743,280,025 to be distributed as foundation (operating and program),

debt service aid, and as adjustments, miscellaneous costs, and a cushion. These amounts shall be distributed according to the parameters of the School Finance Act of 1985 and 1995, as amended. This total allocation does not include any additional amount that local units appropriate at their option.

MOVED by Phil Dionne, seconded by Ken Allen, and voted eight in favor with one member absent to approve the following motion:

In the event that the Legislature does not approve funding for FY 2004 based on Essential Programs and Services model as the preferred funding option, the Board approves the certified funding level for FY 2004 based on current statute, for the total allocation (including adjustments, miscellaneous costs, and a cushion) at \$1,502,437,774 with a local share amount of \$759,157,749, and a state share amount of \$743,280,025 to be distributed as foundation (operating and program), debt service aid, and as adjustments, miscellaneous costs, and a cushion. These amounts shall be distributed according to the parameters of the School Finance Act of 1985 and 1995, as amended. This total allocation does not include any additional amount that local units appropriate at their option.

In giving its approval, the State Board recognizes that the challenges facing public schools with major education reform initiatives are great, the need for resources may exceed the levels contained in our recommendations, and property tax burdens are considerable. However, our approval is also made in acknowledgement of the serious shortfall in revenues facing state government. In recognition of this shortfall, we have tempered our recommendations by moving back from the 6% increases targeted in the Legislature's long-range school funding plans as well as the 4% submitted by the Commissioner as his Part I request in September. The 2.7% increase we recommend today, consonant with inflation, will certainly be challenging to realize, yet will meet only a part of the needs in our education system statewide.

COMMISSIONER'S ALTERNATE FUNDING LEVEL FOR FY 2004

Pursuant to the provisions of Chapter 660, PL 2002, "the Commissioner shall also recommend at the same time an alternate funding level for fiscal year 2003-04 for consideration by the State Board of Education, the Governor, and the Legislature". The funding level recommended herein was developed in accordance with this statute.

Recommendation: I recommend that the State Board of Education approve the following motion:

To approve the alternate certified funding level for FY 2004, based on the Essential Programs & Services Model, for the total allocation (including adjustments, miscellaneous costs, and a cushion) at \$1,522,774,635 with a local share amount of \$779,494,610 and a state share amount of \$743,280,025 to be distributed as foundation (operating and program), debt service aid, and as adjustments,

miscellaneous costs, and a cushion. These amounts shall be distributed in accordance with the elements of the Essential Programs & Services Model, as submitted in proposed legislation. This total allocation does not include any additional amount that local units appropriate at their option. This alternate funding level represents the preferred alternative over the current statute, based on necessary and significant public policy to improve school funding to ensure adequate, equitable resources connected to the Maine Learning Results.

MOVED by Phil Dionne, seconded by Wes Bonney, and voted eight in favor with one member absent to approve the following motion:

Based on the important public policy considerations supporting equitable funding through the Essential Programs and Services Model, the State Board approves as its preferred funding option the alternate certified funding level for FY 2004, based on the Essential Programs & Services Model, for the total allocation (including adjustments, miscellaneous costs, and a cushion) at \$1,522,774,635 with a local share amount of \$779,494,610 and a state share amount of \$743,280,025 to be distributed as foundation (operating and program), debt service aid, and as adjustments, miscellaneous costs, and a cushion. These amounts shall be distributed in accordance with the elements of the Essential Programs & Services Model, as submitted in proposed legislation. This total allocation does not include any additional amount that local units appropriate at their option.

In giving its approval, the State Board recognizes that the challenges facing public schools with major education reform initiatives are great, the need for resources may exceed the levels contained in our recommendations, and property tax burdens are considerable. However, our approval is also made in acknowledgement of the serious shortfall in revenues facing state government. In recognition of this shortfall, we have tempered our recommendations by moving back from the 6% increases targeted in the Legislatures long-range school funding plans as well as the 4% submitted by the Commissioner as his Part I request in September. The 2.7% increase we recommend today, consonant with inflation, will be certainly be challenging to realize, yet will meet only a part of the needs in our education system statewide.

COMMISSIONER'S ADDITIONAL RECOMMENDED STATUTORY CHANGES IN THE SCHOOL FUNDING FORMULA

The Commissioner is submitting for consideration on this date two funding levels – one based on current school funding statutes, and an alternate funding level, based on the Essential Programs & Services funding model. The Commissioner also recommends that several changes in the school funding formula be considered for adoption by the Legislature, regardless of which funding level is approved for FY 2003-04.

Recommendation: I recommend that the State Board of Education approve the following motion:

The State Board of Education recognizes that some changes in the funding formula are advisable, regardless of which funding level is adopted for FY 2003-04, and recommends that the Commissioner submit his attached recommendations as proposed statutory changes. Collectively, these important policy changes would provide greater consistency, stability, efficiency, and fairness to the manner in which school funding is calculated and distributed.

Summary of Proposed Statutory Changes School Funding Formula

The following changes to statute should be considered by the 121st Maine Legislature in order to improve this complex public policy of funding Maine's public schools:

- ✓ Regarding the need to moderate the changes in the distribution of GPA to address the fact that many units will experience significant subsidy losses from FY 2002-03 to FY 2003-04 due to sharp changes in state valuation and enrollment – Recommendation: *average state valuation over 3 years rather than 2 years as in current practice.*
- ✓ Further, regarding state valuation – Recommendation: *extend the current approach now used in Operating Costs (the lesser of the 2-year average or the most recent year) to a 3-year average or most recent year, whichever is less; extend this practice to Program Costs and to Debt Service, as well.*
- ✓ Regarding improved consistency in statute on “ability to pay” measures – Recommendation: *extend the 85% state valuation / 15% household income method of calculating state/local shares for Operating subsidy to Program Costs and to Debt Service.*
- ✓ Regarding pupil counts – Recommendation: *extend the current approach from a 2-year (4 census counts) average (or the most recent year average, if greater) to a 3-year (6 census counts) average (or most recent year average, if greater).*
- ✓ Regarding programs currently carried in the state budget under Adjustments to General Purpose Aid –Recommendation: *separate State Agency Client/State Ward funds from the rest of GPA.*
- ✓ Regarding the increasing proportion of subsidy distributed on an “unequalized” basis due to the effects of the Program Costs & Debt Service circuit breakers – Recommendation: *transition to circuit breakers that guarantee that on a statewide basis, the State pays at least 50% of all Program Costs and at least 50% of all Debt Service. Projects now receiving Debt Service circuit-breaker benefits should be grandfathered.*
- ✓ Regarding trends in tax burdens and student population patterns – Recommendation: *provide an adjustment explicitly directed at the largest of*

the service centers, recognizing their complexity and their growing combined municipal/school tax burdens.

- ✓ Regarding major shifts in state demographics and the need to offer all students a program based on Maine's *Learning Results* – Recommendation: *develop incentives for regionalization, such as (a) providing strengthened authority to the State Board of Education to approve applications for funding of new, expanded, or renovated school facilities that are based on the combined educational needs in two or more adjacent school units or which would be contingent on a consolidation of two or more adjacent units into a district; (b) offering a one-time grant for regionalization purposes that could become, 2 years later, a subsidizable cost (like the 4-year old program incentive of several years ago); and (c) offering an annual "premium" on General Purpose Aid for five years to those school administrative units which enter into a regional reorganization based on a SAD or CSD model approved by the Department and the State Board of Education.*
- ✓ Regarding the need to analyze the income factor in the school funding formula – Recommendation: *review the income recommendations in the 1998 State Board Income/COLA Report and the legislative charge to recommend changes (after the 2000 Census becomes available), and develop ideas for implementation.*

MOVED by Wes Bonney, seconded by Joyce McPhetres, and voted eight in favor with one member absent to approve the following motion:

The State Board of Education recognizes that some changes in the school funding formula are advisable, regardless of which funding level is adopted for FY 2003-04, and recommends that the Department of Education, the Governor, and legislature undertake further consideration of the above policy recommendations. Collectively, these important policy issues require consideration as we seek to provide consistency, stability, efficiency, and fairness in the calculation and distribution of school funding. The State Board emphasizes that the above recommendations, however meritorious are not a substitute for necessary comprehensive examination of and revision to the methods of school subsidy distribution and related tax policy.

COMMISSIONER'S REPORT:

Commissioner Albanese reported on the following:

- That he, Judy Lucarelli, Janet Soyachak, and Jean Gulliver met with Secretary Hickock and his staff to review the No Child Left Behind (NCLB) Act and what it means for Maine.
- A recent development in the New England Compact, which involves Maine, Vermont, New Hampshire, and Rhode Island is to develop a similar or closely

knit philosophy pertaining to the NCLB so that when Washington considers these states' plans for approval, the federal government will not just look at each state individually, but rather as a group, seeing that there is common procedures and philosophies and take this into consideration.

- Maine has been using Senator Collins as the lead in conversations with Washington, but Maine now needs to ensure that the whole delegation is up to speed as well as Governor-elect Baldacci especially in the context pertaining to negotiations with D.C. and how each state honors its state laws and the federal NCLB Law.
- There is interest in the field regarding Maine's learning technology initiatives. In fact, Washington is very interested in Maine's technology and uses Maine as an example when discussing technology initiatives with other states. Maine has also applied for federal funding and should hear receive word in April 2003.

Ken Allen:

- Participated in the University of Maine –Farmington joint NCATE and state review team.
- Attended the seminar on small high school at the University of Maine on November 26, 2002.

Phil Dionne:

- At the December's Maine Job Council (MJC) meeting the Commissioner of Education presented a report that outlined Career Preparation. The MJC has made Career Preparation the first item in its annual report.
- Vocational educators will be closely watching the reauthorization of the Carl Perkin's legislation. At this time there is discussion regarding not funding the Carl Perkin's Act and using that money to fund a short fall in Pell Grant money. Carl Perkin's is the federal money, which funds vocational education. Maine receives about six million dollars in Perkin's money.

Joyce McPhetres:

- The School Administrative Unit Task Force met again and reviewed costs per student for each of the school administrative units throughout the state. At the next meeting the task force will do the following: (1) review the academic and operational costs per school unit; (2) align any future recommendations with essential programs and services, and (3) draft an interim report.

Wes Bonney:

- The Task Force on the Status of the Implementation of the Learning Results met to review the survey that was mailed out to all superintendents, principals, teachers, and school board chairs. The rate of returns was 58% from superintendents and principals, 28 % from school board chairs, and 7% of

teachers. Results of the survey indicate that there is strong support for the Maine's *Learning Results* and there is consistent concern expressed for the adequacy of the resources to complete the process. The report is due January 15, 2003.

CHAIR'S REPORT:

- That she attended a meeting with several members from the Department of Education and Bureau of General Services (BGS). BGS has expressed an ongoing interest to resolve the flow of funding to their agency. A follow-up meeting will be scheduled.
- A Commissioner for the Department of Education has not been selected. If any member of the Board has concerns or issues with the process or possible candidates, than please address these with the Transition Committee members either in writing or by calling the members of the Transition Committee. The address is: Martha Freeman, Room 104, 200 State House Station, Augusta, Maine 04333-0200.

ADJOURNMENT:

State Board of Education unanimously agreed to adjourn the Wednesday, December 18, 2002, meeting at 3:30 p.m.